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LETTER DATED 13 MARCH 1996 FROM THE SECRETARY-GENERAL ADDRESSED TO THE PRESIDENT OF THE SECURITY COUNCIL

I have the honour to transmit the attached report, which was addressed to me on 13 March 1996, by the High Representative for the Implementation of the Peace Agreement on Bosnia and Herzegovina.

I should be grateful if you would bring this information to the attention of the members of the Security Council.

(Signed) Boutros BOUTROS-GHALI

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Annex

Letter dated 13 March 1996 from the High Representative for the Implementation of the Peace Agreement on Bosnia and Herzegovina addressed to the Secretary-General

I have the honour to transmit to you my first report on my activities as High Representative monitoring the implementation of the Peace Agreement on Bosnia and Herzegovina.

It is my intention to continue to report to you at regular intervals. I hope also to come to New York in order to meet you as well as the members of the Security Council, should they wish this, to give you as complete an assessment of the situation as possible.

(Signed) Carl BILDT

Appendix

Report of the High Representative for the implementation of the Bosnian peace agreement to the Secretary-General of the United Nations

(Brussels, 13 March 1996)

1. INTRODUCTION

1. In its resolution 1031 of 15 December 1995, the Security Council endorsed my nomination as High Representative to "monitor the implementation of the Peace Agreement and mobilize and, as appropriate, give guidance to, and coordinate the activities of, the civilian organizations and agencies involved" in the implementation of the Peace Agreement on Bosnia and Herzegovina.

2. The Security Council also requested the Secretary-General to submit reports from the High Representative, in accordance with Annex 10 to the Peace Agreement and the conclusions of the Peace Implementation Conference held in London, on the implementation of the Peace Agreement. I herewith submit my first report.

3. This report covers the period from the signature of the Peace Agreement in Paris on 14 December 1995 to the beginning of March 1996. I intend to submit reports at regular intervals on developments in the areas indicated below.

2. INSTITUTIONAL ASPECTS

Office of the High Representative

4. In order to be able to fulfil the duties assigned to me, I have established a Headquarters at Sarajevo and a Secretariat at Brussels.

5. The Headquarters at Sarajevo is responsible for the operational level coordination of civilian implementation activities in Bosnia, for contacts with the authorities of Bosnia and Herzegovina and for the running of all of the commissions set up in the Peace Agreement. If funds are available, it is my intention to set up an office in Banja Luka in order to be able to deal better with developments in the Republika Srpska. The Headquarters at Sarajevo is headed by the Principal Deputy and has, in addition to the Chief of Staff, units responsible for political affairs including elections, economic policy and reconstruction, relations with the United Nations, relations with the Implementation Force (IFOR), human rights, humanitarian issues including refugees, legal affairs and media relations.

6. The Secretariat in Brussels is responsible for the international aspects of peace implementation and is currently headed by my Senior Adviser. It maintains contacts at the strategic level with the Headquarters of the respective implementation agencies as well as contacts with the different Governments and international organizations I have been asked to report to and coordinate with. The Secretariat in Brussels has active units for political affairs and policy

planning as well as for relations with the North Atlantic Treaty Organization (NATO) and Supreme Headquarters Allied Power Europe (SHAPE). In addition, there will shortly be separate sections dealing with the regional and State succession issues formerly dealt with by the International Conference on the Former Yugoslavia (ICFY). I will also set up a legal section in Brussels.

7. The practical problems associated with the setting up of an organization from scratch have been considerable. I was able to benefit from the resources of the International Conference on the Former Yugoslavia during the first few weeks, without which the task would not have been possible.

8. In spite of the commitment at the Peace Implementation Conference held in London, the Governments represented on my Steering Board have not yet been able to agree on a funding key for the expenses of the High Representative. I have been able to initiate operations thanks only to support from the European Union, which was later supplemented by a grant from the Government of Japan. I hope that the members of the Steering Board will agree urgently on a funding key as well as endorsing my estimates for operations. Unless this happens very soon I shall not be able to fulfil the tasks assigned to me.

International Conference on the Former Yugoslavia and the ICFY Mission

9. With the winding-up of the International Conference on the Former Yugoslavia on 30 January, my office in Brussels has, in accordance with the conclusions of the Peace Implementation Conference, assumed responsibility for the work done hitherto by ICFY on State succession and on ethnic and national communities and minorities, I have nominated Ambassador Martin Lutz to work on regional issues and Sir Arthur Watts as Special Negotiator on State Succession Issues. They and their teams will continue the work of the respective Working Groups of ICFY.

10. Between 1992 and 1996, ICFY played an important role in the search for a peaceful settlement to the conflicts of the former Yugoslavia. In many ways, its work paved the way for the Peace Agreement that was finally concluded at Dayton. We owe a debt of gratitude to its Co-Chairmen Mr. Cyrus Vance, Lord David Owen and Mr. Thorvald Stoltenberg, and to the teams who have worked under them, for the work they did. The archives of ICFY have been deposited with the United Nations.

11. Following the suspension of sanctions on Republika Srpska on 27 February, the ICFY Mission located on the border between the Federal Republic of Yugoslavia and Bosnia and Herzegovina no longer has any direct border monitoring missions to fulfil, and will close down on 19 March. Part of the personnel of the ICFY Mission can be used in a new capacity to help the International Customs Observer Mission (ICOM) set up a customs service for Bosnia and Herzegovina. Ex-ICFY Mission personnel are a valuable resource which should if possible be usefully employed in the region.

Steering Board of the Peace Implementation Council

12. The Steering Board established by the London Conference met for the first time at Bonn on 18 December. It met subsequently at Brussels on 30 January and

on 5 March, and will meet again at Sarajevo on 24 April. The Steering Board has given me helpful political guidance and has provided a forum for discussion in some depth of issues relating to economic reconstruction, succession and regional matters. The meeting on 5 March focused on economic reconstruction and discussed priorities and funding with representatives of the major international agencies involved in reconstruction, while the meeting in April will focus on election preparations, with the Chairman-in-Office of the Organization for Security and Cooperation in Europe (OSCE) and others who will be present.

13. In addition to the Steering Board meetings, there have been meetings involving the countries that witnessed the signing of the Peace Agreement. I have participated. A first meeting at Political Directors level was held at Sarajevo on 18 January. The second such meeting, which was attended by the Presidents of Bosnia and Herzegovina, the Republic of Croatia and the Federal Republic of Yugoslavia, was held at Rome on 17 and 18 February. Further meetings of this group of countries will be held to discuss the political aspects of the implementation of the Peace Agreement.

3. COORDINATION OF CIVILIAN IMPLEMENTATION

Overall coordination

14. My efforts to coordinate the different aspects of civilian implementation take place at two levels. One is concerned with the planning and policy decision-making process and is carried out by the Secretariat in Brussels. The other is concerned with the immediate implementation of agreed policies, and is carried out by the Headquarters in Sarajevo.

15. A first meeting of the major implementation agencies took place at my office in Brussels on 17 January to assess the plans developed by the different international agencies and organizations involved in the implementation of the Peace Agreement. The meeting agreed that there was a need for closer coordination, especially in the field of human rights monitoring and efforts to help economic reconstruction. I have therefore undertaken to set up the Human Rights Coordination Centre and the Economic Task Forces in Brussels and Sarajevo. The next meeting of the major implementation agencies is scheduled for 27 March, and a further meeting will be held in mid-May.

16. The Peace Implementation Conference in London in December 1995 agreed that there should be a Review Conference in June 1996 to take stock of developments. This conference is scheduled for 13 and 14 June at Rome, and will be of great importance in assessing the state of implementation as elections in Bosnia and Herzegovina approach. I am in contact with the Government of Italy concerning plans for the conference.

17. I have consulted extensively with representatives of Governments and organizations. On 18 January I met the OSCE Chairman-in-Office in Berne. I have also reported to the Council of Ministers of the European Union. My office in Brussels is in close touch with the North Atlantic Council.

Operational coordination

18. In Bosnia, a large part of my initial effort has been directed towards setting up the different coordination commissions called for in the Peace Agreement. These are essential not only to coordinate different aspects of the implementation effort, but also to bring the parties together in direct discussions about their common problems and their joint future.

19. The Joint Interim Commission (JIC) is composed of delegations led by the Prime Ministers of the Governments of Bosnia and Herzegovina, the Federation and the Republika Srpska, and is normally chaired by me. It deals with questions concerning the political and constitutional implementation of the Peace Agreement, and has also provided a key channel for direct political talks on a wide range of issues. It met at Sarajevo on 24 January and Banja Luka on 27 February. It is scheduled to meet again at Sarajevo on 16 March and at another location in the country on 28 March.

20. The Joint Civilian Commission (JCC) has met regularly in my office in Sarajevo and has addressed a wide variety of issues. Normally chaired by my Principal Deputy, Ambassador Michael Steiner, it brings together representatives of the Governments of Bosnia and Herzegovina, the Federation and the Republika Srpska with the most important implementation agencies.

21. I intend to set up Joint Civilian Commissions at the regional level shortly.

22. The Joint Civilian Commission on Sarajevo (JCCS) which I established on 10 January as a body subordinate to the main JCC has been especially active. It consists of two representatives of the Federation, two representatives of the city of Sarajevo, and three representatives of the local Serb population in the areas transferred to the Federation. It has established a number of working groups to assist in the reintegration of the city of Sarajevo.

23. In addition to the commissions called for by the Peace Agreement, my Headquarters in Sarajevo is also responsible for organizing regular meetings of the Human Rights Task Force and the Economic Task Force Sarajevo.

24. My Sarajevo office also conducts regular and frequent meetings with the Special Representative of the Secretary-General, the Commissioner of the International Police Task Force, the Head of the OSCE Mission, the Special Rapporteur of the United Nations Commission on Human Rights and the special envoy of the United Nations High Commissioner for Refugees.

Peace Agreement Commissions

25. My office has been working actively with the parties to prepare the setting up of the commissions provided for in the annexes to the Peace Agreement. All parties have now nominated representatives to the Human Rights Chamber of the Human Rights Commission, the Commission for Refugees and Displaced Persons and the Commission on Public Corporations. According to the Peace Agreement nominations were to have been made before 14 March, but the Rome Agreement

brought this deadline forward to 1 March. The Federation side is still to nominate its representatives to the Commission to Preserve National Monuments.

26. A great responsibility for the starting up of these commissions rests with the international organizations which have been asked to nominate chairmen and international members to them. The Peace Implementation Conference may well be called upon to address the question of funding these commissions which is not provided for.

The unification of Sarajevo

27. From the beginning, my office devoted considerable effort to securing smooth transition from Republika Srpska to Federation authority in the suburbs of Sarajevo and to create conditions in which as many of its inhabitants as possible remained in the reunited city.

28. While the Peace Agreement included detailed provisions concerning the military separation of forces and transfer of territory, no such provisions were made concerning the transfer of civilian and police authority. This made it necessary for JCCS to work out transition arrangements to ensure a peaceful and orderly transition of civil authority.

29. Under the transition arrangements, during the period from D+45 to D+90, existing civil authorities in those areas to be transferred to the Federation are allowed to function to help prepare the transfer, provided they do not act inconsistently with the Federation Constitution. A joint statement by the IFOR Commander and myself on 4 February laid down the principles for the transfer of police authority under International Police Task Force monitoring to an integrated police force in accordance with the Federation Constitution. It has been agreed that the composition of this police force should reflect the ethnic composition of these areas according to the 1991 census.

30. Within JCCS, and in direct contacts with the parties, a package of political and other measures has been worked out which provides a sound basis for reintegrating Sarajevo as an open, united, democratic and multi-ethnic city. These measures provide for security for the local Serb population, equal treatment and a full opportunity for the Serbs to participate in the government of the city of Sarajevo. This participation takes the form of local self-rule at municipality level through the running of their own schools and social welfare and appropriate use of the Cyrillic alphabet. The right of freedom of movement and the return of refugees and displaced persons in a voluntary, phased and orderly fashion are also included. The work of JCCS provided the basis for the Rome Statement on Sarajevo on 18 February which was supported by the key political leaders of Bosnia and Herzegovina - both the Federation and Republika Srpska - and the Federal Republic of Yugoslavia.

31. It has been agreed by the members of JCCS that it will continue to act as the advisory and coordinating body for all matters pertaining to the implementation of the Peace Agreement in Sarajevo.

32. With the gradual transfer of authority now under way, it is a cause of great concern to me that a large number of Serbs have chosen to leave Sarajevo.

The reasons for this are many. The wounds left by 42 months of bitter and brutal war cannot be healed in two or three months. It is also my view that stronger political measures should have been taken by the Bosnian authorities to win Serb confidence in their commitment to a multi-ethnic Sarajevo and Bosnia, and encourage the Serbs to stay. There has also been irresponsible propaganda by key Republika Srpska personalities advocating the ethnic division of the country. Events during the weeks preceding and at the beginning of the transition also fuelled Serb fears and accelerated the exodus.

33. My team will continue to work to create the best possible conditions for a united and multi-ethnic Sarajevo as the capital of a reintegrated and multi-ethnic Bosnia. We are urging the Bosnian authorities to do whatever they can to encourage those who have fled to return to Sarajevo. We are continuing discussions concerning the future constitutional status of Sarajevo within the provisions of the Federation Constitution.

Economic reconstruction

34. The economic situation in Bosnia and Herzegovina is extremely difficult; 80 per cent of the population is at least partially dependent upon humanitarian food aid. Annual per capita income has fallen to about US$ 500, compared to about US$ 1,900 in 1990. Industrial output is now about 5 per cent of output in 1990 and electricity consumption is under 10 per cent of the pre-war level.

35. It is self-evident that economic revival and long-term rebuilding of the economy are preconditions for political stability and peace. Although the main responsibility for this rests with the Governments of the Federation and the Republika Srpska, the role of the international community will be crucial in getting economic reconstruction going during 1996 and the following years.

36. I attach great importance to an early and convincing start to economic rehabilitation and reconstruction. This will be the best way of significantly reducing the dependence of the population on humanitarian aid and of demonstrating, before the elections, that compliance and cooperation bring tangible benefits. Economic reconstruction is also one of the most potent instruments at our disposal to influence the reintegration of the country, of which the return of refugees and displaced persons is a central part. It thus has great political significance and it will be important to ensure that a proportion of projects has as one of their main objectives the economic reintegration of the two entities.

37. I have made arrangements for the coordination of economic reconstruction efforts both inside Bosnia and internationally. Meetings of the economic implementation agencies - the World Bank, the European Commission, the European Bank for Reconstruction and Development, the International Monetary Fund and the International Management Group - were held in my office in Brussels on 13 February and 1 March to discuss priorities and plans, with particular emphasis on the need for an early start to reconstruction efforts. These meetings will continue on a regular basis, with the next meeting scheduled for 26 March.

38. In addition, regular weekly meetings between the same agencies are held in my office in Sarajevo to coordinate the more operational aspects of economic reconstruction, as well as to discuss the economic policy and other measures being jointly recommended to the Federation and the Republika Srpska authorities. The World Bank and the European Commission have also organized sectoral task forces which meet regularly, and which should ensure effective coordination of the efforts of the numerous bilateral donors.

39. I am increasingly concerned that adequate funds will not be forthcoming to support even the modest programmes which will allow the economy to take off. I urge all countries committed to the restoration of peace and stability in Bosnia and Herzegovina and throughout this important region to contribute fully to the necessary reconstruction programme.

40. The Ministerial Donors Conference scheduled for 12 and 13 April at Brussels and sponsored by the European Commission and the World Bank will be crucial to securing adequate funding. Confirmation of the pledges made at the meeting held in December as well as commitments of new money adequate to fund the planned programmes for the next few years will be necessary.

41. Our efforts to help the economies adjust from war to peace, and to start the very long task of reconstruction, should be directed towards key infrastructure needs in the areas of power and electricity, telecommunications and road and rail links. These efforts will then also contribute to the rebuilding of housing, which is important to enable the large number of refugees to return. I also attach particular importance to projects that contribute to cooperation between the Federation and the Republika Srpska. In addition, there will be a continued need for humanitarian assistance along with the more medium-term effort to reconstruct a viable economy for the whole of the country.

42. I have made clear to the parties that they have the most important role in re-establishing the economy of their country. It is their task to put in place a stable and sound macroeconomic framework without which our efforts are never going to succeed. There has been progress in this area, but there is still a great deal to be done. Within the framework of the Joint Interim Commission, discussions have been initiated on joint monetary arrangements and on common customs regulations. It is very important that free movement of goods, services, capital and persons between the Federation and the Republika Srpska is allowed in accordance with the Peace Agreement.

43. The flow of reconstruction aid from the international community is dependent on and related to the willingness of the parties to comply with the terms of the Peace Agreement. I intend to monitor compliance closely and before the Peace Implementation Review Conference in June I will give an assessment on how the different parties are adhering to the provisions of the Peace Agreement.

44. In accordance with Security Council resolution 1022 (1995), I have the authority to report via the Secretary-General to the Security Council if "the Federal Republic of Yugoslavia or the Bosnian Serb authorities are failing significantly to meet their obligations under the Peace Agreement". Such a report will automatically trigger the reimposition of suspended sanctions against the Federal Republic of Yugoslavia and the Republika Srpska unless the

Security Council decides otherwise. Although such action would have severe consequences for reuniting Bosnia and Herzegovina I will use these powers if I judge it necessary. I note that there is no similar provision in the event of a failure by the Federation or the Republic of Croatia to meet their obligations under the Peace Agreement.

Mine clearance

45. This is a matter of urgent priority. There are an estimated 3 million uncleared land-mines in Bosnia and Herzegovina. Total clearance is a job that will take many years to complete. In the immediate future, the need to get rehabilitation projects under way, and to facilitate the return of refugees and displaced persons and the arrival of all the international personnel who will be required to operate in war-affected areas, are pressing reasons for urgent action to clear mines.

46. My office in Brussels convened the first Coordination Meeting on Mine Clearance on 16 February, which was attended by all principal interested international organizations. It was recognized that little in terms of physical implementation would be achieved unless there was a coordinated approach and appropriate management structures were established immediately.

47. To this end a Mine Action Centre (MAC) for Bosnia to handle the operational coordination of all mine-clearance operations and projects has been established. It was agreed that this would be a United Nations lead operation. It was further agreed that a Policy Group under the Joint Civilian Commission would be established and chaired by my office, in order to handle the necessary interface with the entities and principal international organizations and donors to determine project priorities. The Policy Group was established by JCC on 28 February, at which time the entities endorsed the mandate. The first meeting of the Policy Group took place on 6 March and MAC is expected to be operational by the middle of March.

Elections and liaison with OSCE

48. The holding of free, fair and democratic elections is a central element of the Peace Agreement. They are important not only in allowing the peoples of Bosnia and Herzegovina freely to choose their own leaders, but also in paving the way for the setting up of the common institutions laid down in the Peace Agreement.

49. The Organization for Security and Cooperation in Europe has been requested to adopt and put in place an elections programme. Liaison between my office and OSCE has been carried out through three mechanisms. First, the Head of the OSCE Mission is a member of the Joint Civilian Commission. Secondly, I am represented on the Provisional Election Commission (PEC). Thirdly, I am in regular contact with the Chairman-in-Office of OSCE.

50. On 30 January, the OSCE Mission in Bosnia and Herzegovina set up the Provisional Election Commission foreseen in the Peace Agreement. In spite of a period when Republika Srpska refused fully to take part in its work, it has proceeded to address key election issues.

51. According to the Peace Agreement, elections for the three-person Presidency of Bosnia and Herzegovina, the House of Representatives for Bosnia and Herzegovina, the House of Representatives of the Federation and the Federation Presidency and the National Assembly of the Republika Srpska should be held between 14 June and 14 September.

52. On 22 February, PEC reached agreement on the basic rules and regulations for the preparation and conduct of the elections. These have now been adopted by all parties and will be developed in more detail in the coming weeks. It was also announced that elections to cantonal and municipal elections will be held according to the same rules as the national and entity elections.

53. The next major step in the preparation of elections will be the publication on 31 March of the provisional voters list, based on the 1991 census, for all the local and national-level elections to be held this year. All citizens of Bosnia and Herzegovina, whether living there or abroad, will be given the opportunity to check whether their names appear on the provisional voters list. If voters' names appear correctly in the municipality in which they have the right and intention to vote in person, they will not need to take any action.

54. There will be a period during which individuals may apply, among other things, to vote by absentee ballot in the municipality in which they were registered in 1991 or to have the right to vote in a different municipality or entity from that in which they were registered in 1991. Such applications will be considered by the Provisional Election Commission in accordance with criteria to be announced at the time of publication of the provisional voters list. At the end of this period, the official voters list will be published.

55. The programme of elections for Bosnia and Herzegovina is extremely ambitious. During the next few weeks, procedures must be established to permit the large number of applications which can be expected for absentee voting or re-registration at other municipalities.

Free and independent media

56. For any election to be free and fair, there has to be equitable access to the media by all registered parties both before and during the election campaign, especially radio and television. Such access is not the case currently in either the Federation or the Republika Srpska press. In close cooperation with OSCE, UNESCO, the Council of Europe, the European Commission and non-governmental organizations active in the media field, my offices in Sarajevo and Brussels are very actively seeking to improve this situation. A working group on free media has been set up under JCC in Sarajevo, and my office in Brussels will convene a round table on 12 March to discuss how best to encourage the development of genuinely independent media in Bosnia and Herzegovina and to coordinate the work of those agencies and organizations involved in the promotion of free media.

Human rights

57. Peace cannot be secured without human and political rights being guaranteed to all the citizens of Bosnia and Herzegovina. I have accordingly made this one of the priorities of my work.

58. The Chairman-in-Office of the Organization for Security and Cooperation in Europe appointed Ms. Gret Haller as the Human Rights Ombudsperson on 21 December 1995. I also report with satisfaction the extensive consultative process led by the Council of Europe regarding the establishment of the Human Rights Chamber, and call upon the parties and the international community to secure adequate funding for the Chamber. The Human Rights Chamber will be set up in accordance with the time-limits laid down in the Peace Agreement.

59. Following the conclusions of the London Peace Implementation Conference, I have established a Human Rights Task Force in both Brussels and Sarajevo to facilitate the exchange of information among intergovernmental and non-governmental organizations active in the field of human rights. A first meeting between such international organizations and agencies was held at Brussels on 26 January. This meeting agreed that the central coordinating role in this area would be given to the Office of the High Representative.

60. In order to coordinate daily human rights monitoring activities and assess the development of the human rights situation in Bosnia and Herzegovina, I am pleased to report that the plans are now under way to establish the Human Rights Coordination Centre (HRCC).

61. I am satisfied that significant progress has been made in developing effective coordination mechanisms among the intergovernmental actors, including the International Tribunal for the Former Yugoslavia, the Centre for Human Rights of the United Nations Secretariat, the United Nations High Commissioner for Human Rights, the United Nations Mission in Bosnia and Herzegovina, the United Nations High Commissioner for Refugees, OSCE, the Council of Europe, the European Community Monitoring Mission, the International Committee of the Red Cross, the Special Rapporteur of the United Nations Commission on Human Rights on the former Yugoslavia, and the United Nations Expert on missing persons, and expect such cooperation to continue.

62. On 22 January in Sarajevo, I met representatives of the International Tribunal for the Former Yugoslavia and agreed on the nature of our future links. While fully respecting the integrity and independence of the Tribunal, the Office of the High Representative within its means and mandate will fully support the Tribunal's important work.

63. I have encouraged both the Federation and Republika Srpska to adopt amnesty laws covering all crimes except war crimes as defined by the International Tribunal for the Former Yugoslavia or crimes unrelated to the conflict. Such laws will help both reconciliation and freedom of movement. One has already been adopted for the Federation and Republika Srpska is in the process of adopting a similar law.

64. It was agreed at the Rome meeting on 18 February that persons, other than those already indicted by the International Tribunal, may be arrested and detained for serious violations of international humanitarian law only pursuant to a previously issued order, warrant, or indictment that has been reviewed and deemed consistent with international legal standards by the International Tribunal for the Former Yugoslavia. Procedures will be developed for expeditious decision by the Tribunal and will be effective immediately upon such actions.

65. The parties must commit themselves in word and deed to the highest level of internationally recognized human rights and fundamental freedoms. I am urging them immediately to secure for all persons within their jurisdiction freedom of movement and residence, the right to fair judicial proceedings, and freedom from any form of discrimination. Compliance with the rights and freedoms provided in the European Convention for the Protection of Human Rights and Fundamental Freedoms and its Protocols is necessary in order to achieve a lasting peace in Bosnia and Herzegovina.

Freedom of movement

66. Freedom of movement across the entire territory of Bosnia and Herzegovina is a fundamental part of the Peace Agreement. It is of particular importance to the establishment of cooperation between the Federation and the Republika Srpska, to the return of refugees and displaced persons and to the conduct of election campaigns.

67. My office has firmly upheld the principle of the Peace Agreement that neither the Federation nor the Republika Srpska may establish controls at the boundary between the two entities. Together with the IFOR Commander and the International Police Task Force Commissioner I have acted firmly against any attempt to prevent freedom of movement between the two entities.

Refugees and displaced persons

68. Another key element of the Peace Agreement is the right for refugees and displaced persons to return to their homes. Enabling refugees to return is important for a large number of reasons, including the creation of the conditions that will make the holding of free and fair elections possible.

69. The leading role for implementation of Annex 7 belongs to the Office of the United Nations High Commissioner for Refugees (UNHCR) and my office actively supports the efforts of this agency. On 16 January 1996 the High Commissioner convened a meeting at Geneva of the Humanitarian Issues Working Group of ICFY to discuss the initial strategic planning for return and repatriation, while a more detailed plan of operations for the implementation of Annex 7 to the Peace Agreement was discussed at a high-level working meeting at Oslo on 8 March.

70. The issue of return of displaced persons and refugees is intimately linked to the implementation of other aspects of the Peace Agreement. It is my assessment that a significant proportion of displaced persons and refugees will return voluntarily if, in practice, a secure and safe environment exists, and if adequate shelter and essential services are available or likely to become so

soon. There is thus a very clear link between refugee return and freedom of movement and economic rehabilitation.

71. UNHCR has suggested a phased plan for repatriation of refugees from neighbouring and other host countries providing for three categories of movement. First, the movement of refugees to their own home areas where they constitute the majority today. These would in principle be the easiest movements to carry out, provided that adequate accommodation is available or can rapidly be made available and that absorption capacity is quickly improved. Secondly, the repatriation of refugees who do not wish to return to their former home areas, where they would now be in a minority, and who wish to relocate to new areas within the entity in which they would constitute the majority. The third category, and the most difficult, is the repatriation of refugees wishing to return to their areas of origin where their ethnic group now constitutes a minority.

72. This phased return could be carried out over a two-year period provided that the conditions indicated above are met throughout the period. With more than 60 per cent of all housing units having sustained some damage while some 18 per cent have been completely destroyed, economic revival, rehabilitation and reconstruction will be critical. For the third category of return as suggested by UNHCR, a climate of security and respect for human rights beyond the time covered by the mandate of IFOR is imperative.

73. As far as the establishment of the Commission for displaced persons and refugees is concerned, I have suggested that the International Organization for Migration (IOM) should assume the role of facilitator from now until the first meeting of the Commission. IOM will prepare a working document in which proposals concerning practical and legal aspects of the work of the Commission will be examined. I hope that the Commission will begin its work in Bosnia by 14 March. A first meeting was held at Geneva on 17 February, with participation from my office.

Prisoners of war

74. The release of all prisoners of war is an important part of the Peace Agreement. I am seriously concerned by the unwillingness of the parties fully to comply with their obligations. Prisoners are still being held and their families have yet to receive information about them. The parties must comply urgently with their obligations in the Peace Agreement. In my opinion, the Security Council must be ready to consider the consequences of the parties failing to meet their obligations under the Peace Agreement in this important respect.

Missing persons

75. In consultation with the parties, a Working Group on Missing Persons has been established under the chairmanship of the International Committee of the Red Cross, and held its first meeting in my offices in Sarajevo on 1 March. I attach great importance to the efforts of the Group.

76. In close coordination with the different United Nations agencies, a Working Group on Missing Persons and Exhumation has been created. It is necessary to coordinate the different activities related to the very large number of identified mass grave sites. The Working Group held a preliminary meeting at Brussels on 22 February and was officially established on 1 March.

International Police Task Force

77. In implementation of Annex 11, I worked very closely and continuously with the Special Representative of the Secretary-General and the International Police Task Force Commissioner. IPTF has participated actively at every level of the JCC process since its inception, and its role has been critical and effective. The build-up of IPTF is continuing. I am concerned not only that the numbers requested should arrive in Bosnia and Herzegovina on time, but also that the police monitors committed to IPTF should be of the quality necessary to carry out what are very demanding tasks.

78. I have strongly supported IPTF's right of immediate and complete access to prisoners. The parties have complied slowly and imperfectly. For instance, it took eight days for Federation authorities to provide access to a Republika Srpska General and others detained on suspicion of war crimes, and it took 15 days for the Republika Srpska to provide access to a Bosniac journalist being held by the military on suspicion of espionage. A number of other cases on both sides have been handled in a similarly unsatisfactory manner.

Regional stabilization

79. The Organization for Security and Cooperation in Europe has accepted the request laid down in the Agreement to assist negotiations under its auspices concerning confidence and security-building measures and regional arms control. I am not directly involved in these negotiations. However, I share the view that regional stabilization and arms control must succeed in order to enhance the peace.

80. During the last two months, negotiations have begun in accordance with the commitments undertaken by the parties. On 5 January a protocol on the exchange of Liaison Officers was agreed. Negotiations on confidence and security-building measures ended with an agreement on 26 January. Negotiations related to subregional and regional arms control have begun. In all those forums, in spite of a period of Republika Srpska refusal fully to take part in their work, negotiations on implementation of agreed measures are continuing. During March, compliance of the parties with their commitments will most likely have to be assessed.

Inter-entity boundary and the issue of the Brcko area

81. In the Peace Agreement, provision is made for minor changes to the inter-entity border line by mutual consent and in consultation with the IFOR Commander. A subcommission of the Joint Military Commission is addressing these issues, and has so far held nine meetings. It is important that local irregularities are sorted out in such a way as to avoid friction in the future.

82. The Peace Agreement left unresolved the issue of the area of and around the town of Brcko. It is to be resolved through a process of binding arbitration during this year, with three arbitrators to be nominated by the parties before 14 June. Their decision, which will be final and binding and which the parties have committed themselves to implement without delay, will have to be made before 14 December.

83. The Peace Agreement relates the binding arbitration to "the disputed portion of the Inter-Entity Boundary Line in the Brcko area indicated on the map attached at the Appendix". I have been informed that no such map exists, and when I visited the area on 29 February the parties gave me widely different views on the areas which are to be the subject of arbitration.

84. I will recommend to the parties that they nominate their respective arbitrators well before the 14 June deadline, as well as seek agreement on the third arbitrator.

Constitution of Bosnia and Herzegovina

85. The new constitution of Bosnia and Herzegovina entered into force on 14 December 1995, the day of the signing of the Peace Agreement in Paris. The entities are obliged to amend their respective constitutions to ensure conformity with this constitution within three months of its entry into force, that is by 14 March. At the meeting of the Joint Interim Commission on 24 January the parties confirmed their intention to carry out the necessary changes. At the subsequent JIC meeting on 27 February, they undertook to provide to my office by 9 March their respective proposals for amendments to their constitutions, but they have not done this so far.

Federation issues

86. Though not the object of the Peace Agreement, the Federation is an indispensable building block for its successful implementation. My staff in Sarajevo have devoted considerable time and effort to its preservation and promotion. This work has not been in vain though much remains to be consolidated. There has been some progress in the implementation of the Dayton Federation Agreement of 10 November 1995. My office facilitated the formation of two separate Governments for the Federation and for Bosnia and Herzegovina in a close dialogue with both Federation partners. The Governments were established, though with a delay of 10 days, at the end of January. Other parts of the Federation Agreement have not yet been implemented. With regard to the establishment of united customs and tax systems, for example, there was an agreed programme to end internal customs boundaries and checkpoints within the Federation by 1 March which did not materialize. Recent public statements by officials representing both parts of the Federation prove that a significant level of mutual mistrust is still hampering its consolidation.

87. My office has set up regular informal meetings of high-level Federation partners, including the Federation President, the Vice-President, the Prime Minister of the Federation and his Deputy as well as the Prime Minister of the Bosnia and Herzegovina Government, his Deputy and party representatives. The purpose of these meetings is to address all issues which are of vital importance

to the implementation of the Federation, and to find solutions before these issues become controversial and constitute obstacles to the further implementation process. The first such meeting was held on 15 February, chaired by my Principal Deputy. It prepared the substance for the Joint Statement on the Federation in Rome three days later.

88. The Agreement at Dayton on 2 November 1995 on the return of 600 Bosniac and Bosnian Croat refugee families to four cities in the Federation has not yet been fully carried out. So far, it has been fulfilled in only one city - Travnik. My office has, in close cooperation with UNHCR, succeeded in achieving a breakthrough in Jajce where some people have begun to return. There has been some progress also in Stolac. My office continues to remind the Government in Sarajevo and local authorities in Bugojno of their obligations under the agreement. Full compliance is essential to build confidence between the Bosniac and Croat Federation partners.

89. Overall, however, the state of the Federation and the relations between its key players remain fragile. This has been illustrated by the events in Mostar at the beginning of February which almost led to an early termination of its European Union Administration. The Federation continues to be in need of advice and support. My office is working with the Federation partners, the "Friends of the Federation" as well as other international players, with the aim of achieving some more substantial progress.

4. COOPERATION WITH IFOR

90. Relations with the NATO-led Implementation Force have been extensive and constructive at all levels.

91. I have had regular contacts with the Secretary-General of NATO, Mr. Javier Solana. On 17 January as well as on 13 March I addressed the North Atlantic Council. My Brussels office and my military advisers, led by General de Lapresle, are in frequent contact with the NATO authorities, including SHAPE.

92. In Bosnia, there are frequent contacts with the IFOR Commander as well as the Commander of the Allied Rapid Reaction Corps. Representatives of IFOR and the Corps take an active part in the work of most of the commissions and working groups established by my office. I am represented on the Joint Military Commission. I will in the near future seek to establish regional Joint Civilian Commissions in close cooperation with the IFOR Multinational Divisions and with the help of the United Nations civil affairs structures, UNHCR and the European Union Monitoring Mission.

93. The Commander of IFOR, Admiral Leighton Smith, and I have different responsibilities under the Peace Agreement, but it is our common conviction that close cooperation between us is necessary if the aims of the Peace Agreement are to be realized.

LOOKING FORWARD

94. The first phase of implementation of the Peace Agreement has highlighted the benefits of peace as well as the problems we face.

95. Military implementation has been the decisive factor during this first three-month phase of implementation. Success here has been the prerequisite for all other activities, and I note with satisfaction that the Implementation Force has been able to carry out its tasks as envisaged, and thus has given the necessary support to the more far-reaching, complex and long-range efforts at reconciliation, reintegration and reconstruction.

96. During this first phase, the structures necessary for the support to the different civilian implementation efforts have also been set up. My office has completed its initial start-up period, although we will continue to reinforce our activities during the coming phase, and the other international organizations of importance - notably the Untied Nations Mission in Bosnia and Herzegovina with the International Police Task Force, the OSCE Mission to Bosnia and Herzegovina, the UNHCR special envoy as well as the offices of the World Bank and the European Commission - have also established themselves. All of the Commissions provided for in the Peace Agreement have been set up.

97. If the separation of forces has been done successfully with the help of the Implementation Force, political developments surrounding the transfer of territory provided for in the Peace Agreement have been more troubling. There was widespread destruction in the areas that were transferred from the Federation to the Republika Sprksa in Western Bosnia, and the transition in the Sarajevo area also had to face difficulties with large numbers of refugees as a result. Three months after the Peace Agreement was signed, we must regrettably conclude that the forces of ethnic separation are still far stronger than the forces of ethnic reintegration.

98. The next phase of peace implementation will cover the period until the Rome Review Conference, on 13 and 14 June. Preparations for elections must be completed and agreed, there must be visible signs of the international community living up to its commitment to help with the economic rebuilding of the country and we must see the start of the process of the return of the refugees and the displaced persons. The different Commissions set up under the Peace Agreement must begin their long-term efforts in different areas.

99. In the succeeding third phase, elections must be at the centre of our efforts. I am concerned about right of all political forces to have equal access to the media, especially radio and television. Although there is an obvious risk that the elections will strengthen rather than weaken the forces of ethnic separation, they are of crucial importance in paving the way for the setting up of the common political institutions of the country.

100. The most critical phase of peace implementation this year will be the fourth phase following the elections. After the certification of the election result, the process of setting up the common institutions in accordance with the detailed and complex arrangements of the Constitution must be initiated. This will also be the time when the Implementation Force is terminating its mandate

and the critical issue of the future of the Brcko area must be solved. It is then that we can judge whether Bosnia is heading for partition or reintegration, and whether the peace we have sought will hold.

101. The successes of the past months are obvious. The guns are silent, and life is slowly returning to normality. Soldiers are returning home to their families, and politicians can start to address all the problems of peace in contrast to the problems of war. But I am concerned with developments especially on two points.

102. The first concerns the funds that are and will be available for the different civilian implementation efforts. I have indicated the problems I see in the area of economic reconstruction, but they go wider. All the way across we find significant funding shortfalls. This applies inter alia to the United Nations, to the election preparations by OSCE and a range of other important activities.

103. It is of great importance that funding be addressed by the international community as soon as possible. The different civilian implementation efforts this year will be very much cheaper than the military implementation efforts and they are key to the success of the overall implementation of which the military are just part. The Governments that generously have funded the military implementation efforts must ensure that the investment is not lost at the end of the year by a failure to fund the - less costly - economic, political and humanitarian efforts.

104. My second concern relates to the will of the parties themselves. What is required for peace to last is not only formal compliance with the provisions of the Peace Agreement, but a genuine commitment to reconciliation and to the building of a future in common. Without an active effort at reconciliation and cooperation, there will be distinct limits to what the international community can do.

105. The activities of my Office during the next phase of peace implementation will be concentrated on facilitating the political dialogue and concrete cooperation between the Federation and the Republika Srpska, on improving coordination between the different economic, political and humanitarian implementation efforts, on the mobilizing of the resources that will be necessary and on ensuring the full compliance with all the provisions of the Peace Agreement.

106. No lasting peace can be built without a genuine commitment to reconciliation, but nothing is as difficult after a war as bitter and brutal as the war in Bosnia has been as this. Reconciliation will be passible when there is a common perception that justice for all will be created, and when the energies and efforts of the people of Bosnia and Herzegovina are concentrated less on the legacies of the bitter past than on the promise of a common future.